



U.S. Department of Justice
United States Attorney
Western District of New York

Further inquiries: (716) 843-5814

138 Delaware Avenue
Buffalo, New York 14202

PRESS RELEASE

October 25, 2004

RE: UNITED STATES v. PETER DRAGAN

United States Attorney Michael A. Battle announced today that Peter Dragan, age 88, of Albion, New York, pled guilty before the Hon. William M. Skretny, United States District Court Judge, to a one-count felony information charging him with illegal conversion of property pledged as collateral to the Commodity Credit Corporation, in violation of Title 15, United States Code, Section 714m(c). The maximum penalty is 5 years imprisonment, a fine of \$250,000.00, or both.

Assistant U.S. Attorney John E. Rogowski, who handled the case, stated that in November 2001, Dragan received a \$233,346 loan from the Federal Commodity Credit Corporation, an agency of the United States Department of Agriculture. Pursuant to the terms of the loan, Dragan pledged approximately 43,373 bushels of soybeans as collateral for the loan. The loan agreement provided that if Dragan sold any of the collateralized soybean, he was required to repay the \$233,346 loan from the proceeds of such sales. In fact, from March through August 2002, Dragan sold over 64,886 bushels of soybeans for which he received 19 checks totaling \$341,477. The checks were made payable jointly to Dragan and the Commodity Credit Corporation.

In pleading guilty, Dragan admitted that instead of repaying the loan by turning the jointly payable checks over to the Commodity Credit Corporation, as required by the loan, he intentionally and illegally deposited all the check proceeds into his checking account, and failed to make any payments on the loan. As a result, the federal government suffered a total loss on the soybean loan.

Mr. Dragan also admitted that in the fall of 2002 and spring of 2003, he failed to turn over \$151,502 in proceeds he received from the sale of wheat that had been pledged as collateral on a second loan from the federal government. Thus, the government suffered losses totaling \$384,849 from Dragan's criminal conduct, which Mr. Dragan agreed was the amount of restitution the Court must order at sentencing.

The guilty plea was the result of an investigation on the part of the United States Department of Agriculture - Office of Inspector General, under the direction of Thomas Petko, Assistant Special Agent in Charge of Investigations.

Sentencing is scheduled for February 15, 2005, at 9 a.m. in front of Judge Skretny.

* * *